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THE Tobacco SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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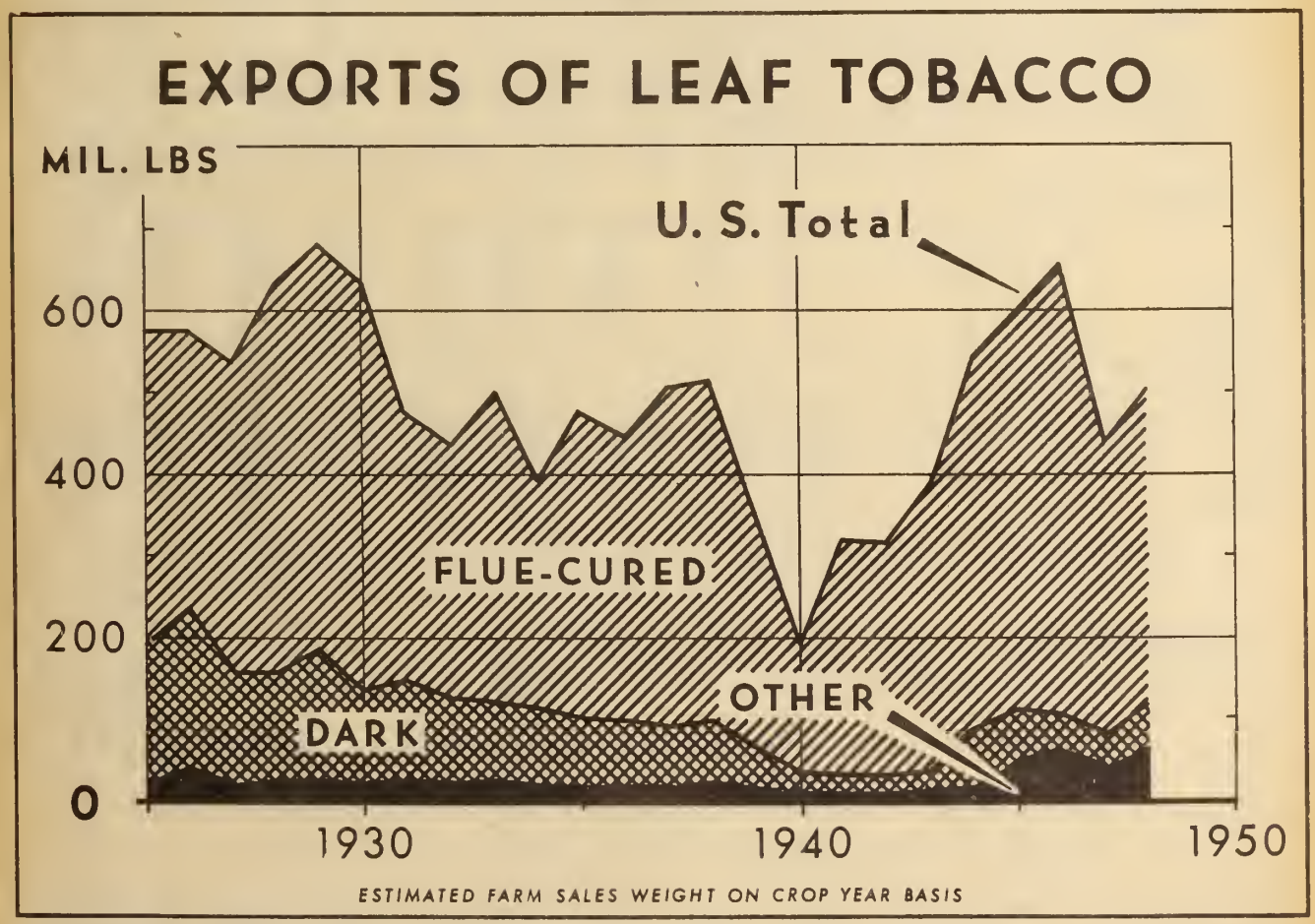

United States leaf tobacco exports during 1948-49 are estimated at about 505 million pounds (farm-sales weight). This is a gain of 15 percent over 1947-48 and about 8 percent above the 1934-38 average. Exports of flue-cured, dark (fire-cured and dark air-cured), and other tobacco (Burley, cigar, and Maryland) were all higher than in the 1947-48 crop marketing year. Assistance to western European countries under the ECA programs was an important factor in tobacco exports during 1948-49. The United Kingdom took moderately larger quantities in 1948-49 than in 1947-48 but considerably less than in most years during the thirties. Shipments of United States leaf to Germany were substantial, while those to China fell sharply. During 1949-50, total tobacco leaf exports are expected to at least equal those of 1948-49. However, owing to dollar difficulties, the United Kingdom will take less than had been anticipated.

STATISTICAL SUMMARY

Item	Unit or base period	1948 March	1948 April	1948 May	1948 June	1949 March	1949 April	1949 May	1949 June	Last data available as percent of a year earlier
Tax-paid withdrawals										
Cigarettes, small 1/	Million	29,154	32,036	28,498	31,701	31,177	27,325	30,893	32,735	103
Cigars, large 1/	do	470	450	445	480	458	429	429	521	109
Chewing and smoking	Million pounds	17	18	16	17	17	15	17	17	100
Snuff	do	3.6	3.9	3.3	3.3	3.8	3.3	3.3	3.3	100
Accumulated since Jan. 1										
Cigarettes, small 1/	Million	79,782	111,818	140,316	172,016	84,540	111,865	142,758	175,493	102
Cigars, large 1/	do	1,393	1,843	2,288	2,768	1,307	1,736	2,166	2,686	97
Chewing and smoking	Million pounds	47	65	81	98	45	60	78	95	97
Snuff	do	11	15	18	21	10	14	17	20	95
Cigarettes, tax-free	Million	3,197	2,422	2,363	3,250	3,168	3,568	3,172	3,236	100
Accumulated since Jan. 1										
Tax-free	do	9,987	12,409	14,773	18,022	7,946	11,514	14,687	17,923	99
Tax-paid plus tax-free	do	89,769	124,227	155,088	190,039	92,487	123,379	157,444	193,416	102
Exports (farm-sales wt.)										
Flue-cured	Thousand pounds	18,439	25,051	26,179	16,366	17,742	15,141	8,871	18,696	114
Burley	do	648	3,292	5,485	1,515	2,557	4,369	1,996	2,884	190
Maryland	do	260	380	423	501	1,029	430	135	242	48
Fire-cured	do	1,225	1,469	3,025	2,827	3,155	1,789	3,829	8,582	304
Dark air-cured	do	313	515	765	354	1,609	665	4,010	2,907	821
Cigar	do	258	348	418	767	1,910	1,366	3,351	3,827	499
Total 2/	do	21,143	31,055	36,295	22,351	28,003	23,761	22,194	37,138	166
Accumulated since beginning of crop year										
Flue-cured	do	291,504	316,554	342,733	359,099	343,833	358,974	367,844	386,541	108
Burley	do	12,727	16,019	21,503	23,019	18,376	22,745	24,741	27,624	120
Maryland	do	1,059	1,439	1,862	2,362	3,019	3,449	3,584	3,826	162
Fire-cured	do	13,538	15,007	18,031	20,859	16,960	18,750	22,578	31,160	149
Dark air-cured	do	3,163	3,678	4,442	4,796	4,470	5,137	9,147	12,054	251
Cigar	do	4,021	4,369	4,787	5,553	12,544	13,910	17,261	21,088	380
		April	May	June	July	April	May	June	July	
Stocks, beginning of quarter 3/ (farm-sales wt.)										
Flue-cured	Million pounds	1,804			1,550	1,767			1,538	99
Burley	do	1,174			1,046	1,246			1,116	107
Maryland	do	37			47	38			51	109
Fire-cured	do	195			181	202			177	98
Dark air-cured	do	91			85	94			82	96
Cigar, filler	do	115			146	118			149	102
Cigar, binder	do	152			142	151			139	98
Cigar, wrapper	do	18			15	20			17	113
Prices received at auctions										
Flue-cured 4/	Cents per pound	c - l - o - s - e - d			51.9	c - l - o - s - e - d			4/44.2	85
Maryland	do	closed	43.1	43.4	42.1	closed	52.4	55.7	55.8	133
Parity prices										
Flue-cured	do	48.3	48.5	48.8	48.8	47.2	47.2	47.2	46.9	96
Burley	do	46.8	47.1	47.3	47.3	45.7	45.7	45.7	45.5	96
Maryland	do	37.8	38.0	38.0	38.0	47.4	47.4	47.4	47.2	124
Fire-cured	do	22.4	22.6	22.6	22.6	21.9	21.9	21.9	21.8	96
Dark air-cured (35-36)	do	18.0	18.1	18.1	18.1	17.5	17.5	17.5	17.4	96
Virginia sun-cured (37)	do	24.1	24.2	24.2	24.2	23.5	23.5	23.5	23.4	97
Index of prices paid 5/	6/ 1919-28=100	165	166	166	166	161	161	161	160	96
	7/ 1934-38=100	211	212	213	213	206	206	206	205	96
Personal income 8/	Billion dollars	208	209	213	214	212	213	214		100
Index of industrial production 9/	1935-39=100	186	192	193	187	177	174	170		88
Percent labor force employed	Monthly	96.4	97.1	96.6	96.5	95.0	94.7	94.0	93.6	97

1/ Includes Puerto Rico. 2/ Includes a small amount of Perique. 3/ Stocks for July 1, 1949, are preliminary. 4/ August comparisons: 1948, 49.5 cents; 1949, 44.7 cents (three weeks). 5/ For computing tobacco parity prices. 6/ All types except flue-cured 11-14, Burley 31, and Maryland 32. 7/ Flue-cured 11-14, Burley 31, and Maryland 32, base period for Maryland is 1936-40. 8/ Seasonally adjusted monthly totals at annual rate. 9/ Unadjusted.

THE TOBACCO SITUATION

Approved by the Outlook and Situation Board August 22, 1949

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SUMMARY

Marketing of the 1949 crop of tobacco has been under way since late July, when flue-cured tobacco auctions opened. Sales of flue-cured will continue heavy through the next 2 or 3 months. Auctions for some dark types and Burley usually begin in late November and early December.

Flue-cured prices are running below last year's record level. The season average price through mid-August was 45 cents per pound--10 percent lower than in the comparable period of the 1948 season. The demand for flue-cured has kept prices generally above the support level of 42.5 cents per pound, which is 3 percent lower than last season. The support price for Burley and other types to be determined by the parity index on September 15 will also probably be 3 or 4 percent less than last season because prices paid by farmers have declined about that much.

Tobacco growers will produce about 2,019 million pounds this year according to August 1 indications. This is 2 percent above last year's production. The increase in production is concentrated mostly in the flue-cured types. The 1949 flue-cured farm acreage allotments were 5 percent higher than in 1948, when they were cut sharply below their 1947 level. As of August 1, the prospective crops of Burley, fire-cured, cigar filler, and binder were each below last year. The indicated production of Maryland and cigar wrapper exceeded that of last year.

Total supplies of the cigarette types (flue-cured, Burley, and Maryland) for 1949-50 are larger than for 1948-49. This year's larger production will raise the supply of flue-cured for 1949-50 over 1948-49. Also in the case of Burley, the larger carry-over will be responsible for a further increase in supplies for 1949-50. Those of 1948-49 were already unusually large. The 1949-50 supplies of fire-cured and dark air-cured tobacco will be a little lower than those for 1948-49 but are more than

sufficient to meet anticipated requirements. Cigar-filler supplies are likely to be a little larger due to the increase in carry-over, but cigar-binder supplies will be smaller. Cigar-wrapper supplies are at a record high.

Domestic use of flue-cured set a new record in the year ended June 30, 1949, and domestic use of Burley (October 1948-September 1949) is also likely to exceed any previous year. The high level of cigarette manufacture is the major factor accounting for this. In the fiscal year ended June 30, United States cigarette output was 390 billion--a gain of 3 percent over the 379 billion produced in the previous fiscal year. However, during the first half of 1949 (the last 6 months of the 1948-49 fiscal year), the relative gain over the same period a year earlier was smaller--between 1 and 2 percent. It is probable that the 1949 calendar year cigarette output will approach 395 billion compared with 387 billion in 1948. Although cigarette consumption in the United States continued to make some gains in the first half of 1949, cigarette exports fell about 13 percent below the first half of 1948. A relatively high consumer demand for cigarettes is expected to continue, and this will sustain domestic use of flue-cured, Burley, and Maryland tobacco near the level of recent years.

For the recent fiscal year, the output of smoking tobacco--a sizable outlet for Burley--is estimated at 107 million pounds compared with 109 million pounds in 1947-48. It seems likely that the 1949 calendar year total will be near the 108-million-pound output in 1948. This is only a little better than one-half of the 1937-41 annual average.

Burley is also used in some chewing tobacco products. Dark air-cured tobacco finds its major outlet in chewing tobacco. Total chewing tobacco output in fiscal 1948-49 is estimated at 93 million pounds compared with 101 million pounds in the preceding year. Plug tobacco, the principal chewing product using Burley, dropped 10 percent below a year earlier. The long-term down-trend in chewing tobacco consumption probably will continue.

Domestic use of the fire-cured tobacco types is largely in production of snuff. Snuff consumption in the United States in the recent fiscal year totaled 40.4 million pounds compared with 41.0 million pounds in 1947-48. The 1949 calendar year total may drop a little more than a million pounds lower than the 1948 total of 41.4 million pounds.

Cigar filler, binder, and wrapper tobacco are mostly dependent on cigar production for an outlet. However, scrap chewing manufacture utilizes a considerable quantity of the lower grades, mostly of the binder types. Cigar consumption in the United States during July 1948-June 1949 was close to 5.7 billion, about the same as in the previous year. Output of scrap chewing tobacco in the same period was about 5 percent below 1947-48. During the first half of 1949, cigar consumption dropped 3 percent below the same period in 1948. The calendar year total is not expected to equal that of 1948. Average wholesale prices of popular brands are only about 1 percent below the peak level of late 1948.

United States exports of unmanufactured tobacco in the recent fiscal year (July 1948-June 1949) totaled 451 million pounds (export weight) valued at 226 million dollars. Both quantity and value were 10 percent above 1947-48. Flue-cured tobacco accounted for three-fourths of the total. Each leaf group except Virginia fire-cured increased over the preceding year. Cigar tobacco exports increased sharply. ECA programs were a major factor affecting tobacco exports to the United Kingdom and other western European countries. From April 3, 1948, through June 30, 1949, ECA procurement authorizations for United States tobacco amounted to 137 million dollars. In mid-July, about an additional 47 million dollars for 1949-50 tobacco procurement was authorized.

Exports of United States tobacco to the United Kingdom in 1948-49 were 151 million pounds (export weight)--18 percent higher than the low level of 1947-48 but 28 percent lower than the prewar average. The 1949-50 shipments to Britain may be some larger than in 1948-49, but not as large as was expected before the recent cut-back brought on by the British dollar difficulties. British consumption in the last 2 years, although appreciably smaller than in 1946-47, has considerably reduced British stocks. Next to the United Kingdom, the largest foreign outlet for United States tobacco in 1948-49 was Germany. Most other western European countries took substantially more than the prewar average although some got less than in 1947-48. Exports of tobacco to China dropped sharply and are not expected to return to earlier levels in the near future.

United States tobacco exports on a crop-year basis in 1948-49 are equivalent to about one-fourth of the 1948 tobacco production of this country. In 1949-50, United States leaf exports will probably be at or a little above the 1948-49 level.

TOBACCO PRODUCTS

Cigarettes

Cigarette production during the fiscal year ended June 30, 1949, approximated 390 billion--about 3 percent higher than the previous fiscal year and a new record. The increase of 11 billion from 1947-48 to 1948-49 is smaller than the increase of 20 billion, which occurred from 1946-47 to 1947-48. During July-December 1948, cigarette production was running 4 percent above the same period of the previous year. For January-June 1949, cigarette production was only between 1 and 2 percent larger than in January-June 1948. These comparisons indicate that cigarette production, which has increased steadily for several years, is beginning to level off. However, it is probable that cigarette output during 1949 will approach 395 billion compared with 387 billion in 1948. Domestic consumption is expected to continue high during the last half of this year. A favorable factor is the continuation of personal income at a relatively high level. Some smokers will pay higher prices for cigarettes because of recently increased or newly enacted cigarette taxes by several States. Delaware and the District of Columbia recently put cigarette taxes into effect. Georgia, Minnesota, Nevada, New Mexico, and North Dakota increased the tax rate on cigarettes in recent months, while Arkansas reduced its 6-cent rate per package of 20 to 4 cents.

About 24 billion cigarettes (6 percent of the total United States output) were exported in fiscal 1948-49. The number shipped was slightly higher than in 1947-48. However, during January-June 1949, exports dropped 13 percent below the same 6 months of 1948 and the total for calendar year 1949 probably will be lower than in 1948. Principal foreign outlets taking more United States cigarettes during fiscal 1948-49 than in 1947-48 included the Philippine Republic, Belgium-Luxembourg, Curacao, Venezuela, and Switzerland. Smaller quantities were shipped to Hong Kong, Sweden, Czechoslovakia, Panama, and Tangier and French Morocco.

Cigars

Cigar consumption during the year ended June 30, 1949, totaled nearly 5,700 million--about the same as the previous fiscal year. During January-June 1949 (the last half of the 1949 fiscal year), cigar consumption was running about 3 percent below the same period a year earlier. It is probable that cigar consumption during 1949 will fall a little below the calendar year 1948 total of 5,775 million. The Bureau of Labor Statistics wholesale price index for popular brands of cigars in June was about 1 percent less than in the last half of 1948, while the medium-priced brands were unchanged. The trend toward lower-priced cigars has continued. Cigars retailing for 8 cents or less composed 45 percent of the total during the first half of 1949 compared to 42 percent in the first half of 1948.

Smoking Tobacco

The output of smoking tobacco during the year ended June 30 is estimated at about 107 million pounds compared with 109 million pounds in 1947-48. Although monthly output has shown considerable fluctuation during the last 3 years, the yearly totals have been relatively stable. It seems likely that the calendar year 1949 output will at least equal the 108 million pounds produced in 1948. This is only a little better than one-half of the 1937-41 average output of 198 million pounds.

The Bureau of Labor Statistics wholesale price index for smoking tobacco increased about 1 percent in June over May. This was the first change in this index since January 1948. Retail prices of pipe tobacco, according to the BLS series, rose 8 percent between June 1947 and June 1949.

United States exports of packaged smoking tobacco during the year ended June 30 dropped to about .7 million pounds compared with 2.2 million pounds in the preceding year. Exports of bulk smoking tobacco totaled about 1.5 million pounds in the recent fiscal year--moderately above the previous year. Shipments of packaged smoking tobacco to Japan fell to negligible amounts, but those to Philippines, Canada, and Newfoundland increased. Exports of bulk smoking tobacco to Bolivia, Haiti, and Mexico increased; but those to Argentina dropped sharply. The Dominican Republic got approximately the same quantity as in 1947-48.

Chewing Tobacco

The manufacture of chewing tobacco in the year ended June 30 is estimated to be the smallest yearly total thus far in this century. About 93 million pounds were produced compared with 101 million pounds in the preceding fiscal year. The sharpest declines occurred in fine-cut and plug, which fell about 22 and 10 percent, respectively, below the previous year. Scrap chewing output in the recent fiscal year was down around 5 percent, but twist gained about 5 percent over 1947-48. Plug and scrap combined account for approximately nine-tenths of the total chewing tobacco manufacture. The total chewing tobacco production during calendar year 1949 will probably be 2 or 3 million pounds less than the previous record low of 96 1/2 pounds in 1948. The BLS index of wholesale prices on chewing tobacco in June was 30 percent higher than prewar but has not changed since late 1946.

In the 1949 fiscal year, United States exports of chewing tobacco and snuff combined (separate figures not available) dropped sharply below the large shipments of 1947-48. Only 2 2/3 million pounds went to foreign destinations compared with 4.7 million pounds in 1947-48. About 2 or 3 million pounds of snuff and chewing tobacco went to Japan and Germany in fiscal year 1947-48, but none was shipped during 1948-49. The Philippine Republic, Australia, and Newfoundland increased their takings in the recent fiscal year.

Snuff

The consumption of snuff in the year ended June 30, 1949, was 40.4 million pounds compared with 41.0 million pounds in the previous year. During the first half of 1949, snuff consumption was about 5 percent less than the same period of 1948. For the calendar year 1949, it seems probable that the consumption of snuff may be 1 to 2 million pounds less than the 1948 total of 41.4 million pounds. However, this would still be close to 3 million pounds above the average of the fiscal years 1935-39. Wholesale prices of dry sweet snuff based on the BLS index in June were approximately three-fifths higher than the 1939 yearly average.

EXPORTS OF UNMANUFACTURED TOBACCO 1/

United States exports of unmanufactured tobacco during the year ended June 30, 1949, totaled 451 million pounds--10 percent higher than in 1947-48. However, this was well below both 1945-46 and 1946-47 when, following the end of hostilities, large quantities of United States tobacco were shipped to western Europe, China, and the rest of the world. The 1948-49 fiscal year exports of United States tobacco exceeded the 1935-39 average by about 5 percent, but fell below each of the

1/ Quantities of tobacco in this section are stated in terms of export weight, which is less than the equivalent farm-sales weight.

Table 1.- United States exports of unmanufactured tobacco, for specified periods, by types, to principal importing countries

(declared weight)

Type and country	Fiscal year			1949 as a percentage of		January-June		
	1935-39 average	1948	1949	1935-39 average	1948	1935-39 average	1948	1949
	Mil.lb.	Mil.lb.	Mil.lb.	Percent	Percent	Mil.lb.	Mil.lb.	Mil.lb.
Flue-cured	318.9	312.8	336.7	106	108	102.3	120.6	114.6
Burley	11.3	37.8	28.0	248	74	5.7	12.0	16.6
Maryland	5.3	6.4	9.2	174	144	3.0	2.2	3.7
Va. fire-cured	9.5	7.3	6.5	68	89	4.8	3.0	1.8
Ky. and Tenn.	52.6	18.8	28.8	55	153	33.1	7.9	16.8
One Sucker	.8	1.8	5.3	662	294	.4	.4	4.5
Green River	3.1	.9	2.9	94	322	2.2	.4	2.5
Black Fat, etc.	8.9	5.5	5.1	57	93	4.4	2.7	2.8
Cigar	1.4	6.4	20.4	1,457	319	.6	2.6	16.8
Perique	.1	.1	1/	---	---	.1	.1	1/
Stems, tr., and scrap	19.7	13.5	8.2	42	61	10.2	7.9	4.2
Total unmfd.	431.6	411.3	451.1	105	110	166.8	159.8	184.3
Country of destination:								
United Kingdom	210.2	127.8	151.0	72	118	50.3	30.7	14.8
France	20.7	9.3	8.2	40	88	19.3	.1	7.5
Belgium-Luxembourg	14.3	18.5	14.5	101	78	5.9	8.5	5.1
Netherlands	14.5	39.5	31.7	219	80	6.2	7.6	15.8
Germany	11.8	7.3	64.9	550	889	5.1	6.0	44.6
Portugal	4.8	9.8	9.1	190	93	2.5	8.4	5.8
Denmark	4.7	8.6	13.3	283	155	1.8	5.5	8.7
Ireland	7.2	12.1	18.8	261	155	2.4	2.2	8.8
Switzerland	3.8	13.2	12.0	316	91	1.8	7.7	4.4
Norway	5.0	7.9	9.7	194	123	2.1	4.0	2.5
Sweden	8.2	13.0	9.7	118	75	3.1	4.8	3.4
Italy	.9	19.0	4.0	444	21	.6	2.8	2.2
China	49.2	32.9	10.3	21	31	26.3	21.3	3.1
Australia	19.1	24.3	16.6	87	68	10.3	12.3	9.8
India	2.7	11.2	4.9	181	44	1.2	9.6	4.4
New Zealand	2.7	4.5	4.5	167	100	1.2	2.1	2.7
Other countries	51.8	52.4	67.9	131	130	26.7	26.2	40.7
Total	431.6	411.3	451.1	105	110	166.8	159.8	184.3

1/ Less than 50,000 pounds.

2 fiscal years prior to the outbreak of the European war when a 470-million-pound level had been reached.

The value of United States unmanufactured tobacco exports in 1948-49 was 226 million dollars--10 percent higher than in the preceding year. The value per pound was the same as last year but close to 60 percent higher than the 1934-38 average unit value.

Flue-cured exports composed three-fourths of the total unmanufactured tobacco exports from the United States in 1948-49. This was about the same proportion as in 1947-48 and in prewar. Kentucky and Tennessee fire-cured exports increased over the previous year, while Virginia fire-cured decreased. Combined, they accounted for about 8 percent of the total compared with the 1935-39 average of 14 percent. Cigar tobacco exports in 1948-49 were three times those of 1947-48 and far above the prewar average. Nearly one-third of the cigar tobacco exports was Puerto Rican tobacco.

The calendar year total for unmanufactured tobacco exports is expected to exceed the 426 million pounds shipped last year and will probably be around 450 million pounds.

Flue-cured shipments during the first half of 1949 have been below the same period of 1948 but will begin to move in considerable volume during the last half of 1949. All other export classifications except Virginia fire-cured and stems were mostly well ahead of the first half of 1948. Total unmanufactured tobacco exports during January-June 1949 at 184 million pounds were running 15 percent above the same months of 1948 and 10 percent above the prewar average of those months.

The 1949-50 shipments to the United Kingdom will be smaller than had been expected earlier in 1949. Because of dollar difficulties, the 1949-50 dollar allocation for tobacco was cut from 110 million to 90 million dollars. This cut was announced by the British Government on July 14, 1949. It was indicated that the manufacturers would probably have to reduce supplies to the public by not more than 5 percent. During the fiscal year ended June 30, 1949, United States exported 151 million pounds of tobacco to the United Kingdom. This included substantial quantities of 1947 crop tobacco purchased from Commodity Credit Corporation loan stocks. The 1948-49 tobacco exports to Britain were 18 percent above 1947-48 but were 28 percent less than the prewar average. In the year ended May 31, 1949, British home consumption of tobacco was about 194 million pounds, close to 1 1/2 percent above the preceding year. About 60 1/2 million pounds, or 31 percent of the recent year's home consumption, was from British preferential areas compared with 26 percent in the previous year. The United Kingdom also exports substantial quantities of tobacco products, mostly cigarettes, which are manufactured from imported leaf. During July 1948-June 1949, these exports totaled about 47 million pounds--8 percent below the preceding year. British tobacco stocks on May 31 at 339 million pounds were between 2 and 3 percent above May 31, 1948, but far below those on the same date in 1947 and in the late thirties.

Germany was the largest foreign outlet for United States during the first half of 1949, taking more than 7 times the quantities shipped in the first half of 1948. Germany took nearly one-fourth of total United States tobacco exports in the recent period. Prior to the Hitler era in Germany, the United States exported around 30 million pounds a year to Germany. Tobacco imports from the United States were much lower in the thirties when the Nazi Government exercised rigid controls over imports and German economic life in general.

Exports to China fell sharply in the past year and during the first half of 1949, were only one-seventh of those during January-June 1948. This has been due to the unsettled conditions resulting from the Chinese war. Prospects for tobacco exports to China are unfavorable and seem likely to remain unpromising until more stable conditions return and trade relations are improved.

United States tobacco exports to France during the first half of 1949 were well above the negligible total of the first half of 1948 but still substantially below the prewar rate. Those to the Netherlands, Denmark, Ireland, and New Zealand were well above the January-June 1948 total and the prewar average of the same months. United States tobacco exports to Portugal, Switzerland, Norway, Sweden, Italy, and India, though running below the first half of 1948, were generally well ahead of the 1935-39 average for the corresponding period. Both Australia and Belgium-Luxembourg got smaller quantities in January-June 1949 than January-June 1948 and also dropped below the comparable prewar average.

The foreign-aid programs of the Economic Cooperation Administration were an important factor in United States exports of tobacco in 1948-49. From April 3, 1948, through June 30, 1949, authorizations to participating countries for the procurement of tobacco totaled about 142 million dollars and comprised a little less than 2 1/2 percent of total ECA authorizations for goods and services. Tobacco ranked sixth among the agricultural commodities in the amount of money authorized by ECA and accounted for about 5 1/4 percent of the total for the agricultural group. About 137 million dollars were for United States tobacco. The authorized quantities of ECA-financed tobacco cumulative through June 30, 1949, are estimated at about 320 million pounds. Approximately two-fifths of the United States tobacco authorized was to the United Kingdom, traditionally our largest foreign customer for tobacco. Around one-fifth of the tobacco authorized for procurement from the United States was approved for Bizone Germany and the French Zone in Germany. Authorizations for Ireland and Denmark accounted for about 8 and 7 percent of the total, respectively, and those to France, Belgium, Netherlands, and Norway were around 5 percent each. Austria and Italy accounted for most of the remaining 4 to 5 percent.

ECA authorizations were made to Netherlands for the procurement of tobacco from Brazil and Cuba, and to Bizone Germany for tobacco from Brazil and the Dominican Republic. A small authorization was also approved for Ireland to get some off-shore tobacco. Brazil was the source of the largest portion of non-United States tobacco financed by ECA. Approved authorizations for non-United States tobacco have been small in comparison to those for United States tobacco.

In mid-July, about 47 million dollars of 1949-50 procurement authorizations for nearly 100 million pounds of United States tobacco were announced by ECA. Approximately 40 million dollars were for flue-cured with most of the remainder split between fire-cured, Burley, and cigar tobacco. The United Kingdom, Ireland, and Bizone Germany accounted for around three-fourths of July tobacco authorizations with Belgium, Denmark, Netherlands, Norway, and France sharing most of the remainder.

Tobacco during many peace-time years has been the third ranking export crop of the United States. During the 35 years from 1914-48, tobacco accounted for 8.1 percent of the total value of agricultural exports and was exceeded only by cotton and wheat. As shown in table 2, tobacco held second place among the agricultural export commodities in two 5-year periods, 1929-33 and 1934-38. In the latter period, the export value of unmanufactured tobacco was 18 percent of the total value of agricultural exports. In 1948, tobacco exports were fourth in rank among agricultural export classifications based on value and comprised only 6.3 percent of the total. This is the smallest value of tobacco exports relative to total value of agricultural exports since 1918 except for the year 1942, when the war was seriously affecting foreign commerce.

Table 2.- Percentage distribution of value of United States agricultural exports by principal commodities for specified averages and annual 1946-48

Agricultural commodities	1919-23 average	1924-28 average	1929-33 average	1934-38 average	1946	1947	1948
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Cotton and linters	33.2	46.5	47.2	45.6	17.1	10.9	14.9
Wheat and flour	18.5	14.0	9.0	5.7	19.4	33.1	40.8
Unmfd. tobacco	7.9	7.6	11.3	18.0	11.2	6.9	6.3
Other grains 1/	8.8	5.8	3.5	5.0	5.9	15.0	9.4
Pork	8.1	4.0	2.9	2.2	2.2	.5	.4
Fruit 1/	3.2	5.7	10.4	11.1	5.4	4.6	3.7
Lard	5.6	5.7	5.7	2.2	2.6	2.6	2.0
Dairy products	2.2	1.1	1.0	.6	9.4	6.9	6.1
Eggs and products	.5	.4	.2	.1	4.9	2.6	1.3
Vegetables 1/	1.0	1.1	1.4	1.6	4.6	4.8	4.5
Vegetable oils	1.3	.6	.6	.5	1.2	1.5	1.6
Other	9.7	7.5	6.8	7.4	16.1	10.6	9.0
Total agricultural	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Including preparations.

Table 3.- United States imports for consumption of unmanufactured tobacco, from principal supplying countries and shipments from Puerto Rico, for specified periods

(declared weight)

Classification and country of origin	Fiscal year			1949 as a percentage of		January-June		
	1935-39 average	1948	1949	1935-39 average	1948	1935-39 average	1948	1949
	Mil.lb.	Mil.lb.	Mil.lb.	Percent	Percent	Mil.lb.	Mil.lb.	Mil.lb.
Total imports 1/	67.2	75.0	88.5	132	118	33.8	41.6	45.9
Cigarette leaf								
Unstemmed	45.4	61.3	65.4	144	107	22.8	31.7	33.0
Turkey	19.3	44.2	45.6	236	103	9.6	22.8	23.1
Greece	19.0	7.2	9.6	51	133	9.7	3.7	5.2
Syria	.7	3.6	4.5	643	125	.4	2.1	2.1
Bulgaria	.9	2.6	1.7	189	65	.6	1.3	.7
U.S.S.R.	.2	1.7	2.0	1,000	118	.2	.9	1.0
So. Rhodesia	.0	1.1	1.4	---	127	.0	.6	.7
Yugoslavia	.0	.5	.5	---	100	.0	.3	.3
Cigar leaf (filler)								
Stemmed	7.3	6.5	11.6	159	178	3.4	5.0	5.8
Cuba	7.2	6.3	11.6	161	184	3.4	5.0	5.8
Unstemmed	3.9	3.0	3.6	92	120	1.9	2.4	1.9
Cuba	3.9	2.9	3.6	92	124	1.8	2.3	1.9
Scrap	5.9	2.6	4.9	83	188	3.3	1.5	2.6
Cuba	2.9	2.1	4.5	155	214	1.5	1.5	2.3
Philippines	3.0	.5	.4	13	80	1.8	2/	.3
Cigar wrapper	2.1	1.1	.8	38	73	.9	.6	.4
Netherlands I.	3/ 1.9	.8	.6	32	75	.8	.5	.3
Cuba	.2	.2	.2	100	100	.1	.1	.1
Total from Cuba	14.2	11.5	19.9	140	173	6.8	8.9	10.1
Shipments from Puerto Rico								
Total	22.2	14.2	14.1	59	93	8.1	7.4	6.3
Stemmed	17.1	9.1	7.9	44	82	6.3	5.6	3.9
Unstemmed	.2	.1	.2	100	200	2/	2/	.2
Scrap	4.9	5.0	6.0	112	110	1.8	1.8	2.2

1/ Includes tobacco stems, not cut, ground, or pulverized, not shown separately.
2/ Less than 50,000 pounds.
3/ Netherlands Indies tobacco shipped as Netherlands.

IMPORTS AND SHIPMENTS 2/

United States total imports (excluding shipments from Puerto Rico) of unmanufactured tobacco rose to 88 1/2 million pounds in the year ended June 30. This was 13 1/2 million pounds above the preceding year and nearly one-third higher than the prewar average.

Cigarette leaf imports from Turkey gained only 3 percent over a year earlier but were about 2 1/3 times the prewar average. Imports from Greece, the second ranking supplier of cigarette leaf, were one-third larger than in 1947-48 but only one-half of the prewar average. Imports from Syria, U.S.S.R., and Southern Rhodesia gained in 1948-49 over 1947-48 and showed very large relative increases over prewar. During the first half of 1949, cigarette-leaf imports into the United States showed a smaller relative gain over the first half of 1948 than in the fiscal year. Imports from Greece showed the greatest relative gain comparing January-June 1949 with January-June 1948. United States stocks of foreign-grown cigarette and smoking tobacco in the hands of dealers and manufacturers on July 1 were about 149 million pounds (unstemmed weight)—17 percent above a year ago.

Both cigar filler and scrap imports from Cuba rose sharply from 1947-48 to 1948-49. During January-June 1949 (last half of 1949 fiscal year), cigar tobacco imports from Cuba, though above January-June 1948, did not show nearly as large a percentage increase as the 1948-49 fiscal year compared with 1947-48. United States stocks of Cuban tobacco on July 1 totaled about 22 million pounds (unstemmed weight)—about 18 percent lower than on July 1, 1948.

Shipments of tobacco (mostly for cigars) from the Territory of Puerto Rico continued well below the prewar rate during the recent fiscal year. Stocks of Puerto Rican tobacco in the United States on July 1 were 28 million pounds (farm-sales weight)--a sharp drop of 10 million pounds below the July 1, 1948, level. Stocks in Puerto Rico on July of this year totaled about 35 million pounds--7 percent below July 1, 1948.

Cigar wrapper imports from the Netherlands Indies were one-fourth less in 1948-49 than a year earlier and about two-thirds less than the 1935-39 average.

FLUE-CURED, TYPES 11-14

Production and Supplies

The indicated acreage of flue-cured is 942,000 acres--an increase of about 6 1/2 percent over the 1948 harvested acreage. The relative increase over last year was a little greater in the type 14 Georgia and Florida area than in the other belts. Both type 14 and the South Carolina and Border North Carolina Belt, type 13, acreages are well above immediate prewar levels. Acreage allotments were increased about 5 percent from 1948 to 1949 for all flue-cured.

2/ Imports for consumption and shipments to the United States from Puerto Rico.

United States production of flue-cured tobacco this year, according to August 1 indications, will be 1,161 million pounds -- 6 1/2 percent larger than the 1,090 million pounds harvested last year. Indicated yields per acre are generally high in comparison with most previous years. For types 11-14 combined, yields per acre were indicated on August 1 to be the same as last year's record level. Type 14 yields per acre averaged about 8 percent higher than last year, but type 11 yields may be 4 percent below last year. Yields for types 12 and 13 are indicated as being relatively close to those of last year.

Carry-over of flue-cured on July 1, the beginning of the 1949-50 marketing year, was 1,538 million pounds compared with 1,550 million pounds last July 1. Total supplies -- carry-over plus production -- for 1949-50 approximate 2,699 million pounds compared with 2,640 million for 1948-49.

On July 1, the Secretary of Agriculture proclaimed a marketing quota of 1,097 million pounds for 1950 flue-cured tobacco. This, when converted to acreage on the basis of 1944-48 average yields, results in an acreage allotment for next year of 970,000 acres -- about 10,000 acres higher than the 1949 total acreage allotment. The additional acreage for next year will be used to correct any inequities among existing farm allotments and for new growers qualifying for allotments. Flue-cured growers voting in a referendum held July 23, overwhelmingly approved quotas for three years, 1950, 1951, and 1952. Less than 2 percent of the growers voting disapproved quotas.

Table 4.- Flue-cured tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)

Year	Production	Stocks July 1	Total supply	Disappearance year beginning July 1	Average price per pound
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Cents
Total types 11-14:					
Average 1934-38	741.0	844.9	1,585.9	704.3	22.9
1939	1,170.9	946.3	2,117.2	707.5	14.9
1940	759.9	1,409.7	2,169.6	576.7	16.4
1941	649.5	1,592.9	2,242.4	782.9	28.1
1942	811.7	1,459.5	2,271.2	892.4	38.4
1943	790.2	1,378.8	2,169.0	980.2	40.2
1944	1,087.3	1,188.8	2,276.1	1,149.8	42.4
1945	1,173.5	1,126.3	2,299.8	1,152.4	43.6
1946	1,352.0	1,147.4	2,499.4	1,212.6	48.3
1947	1,317.5	1,286.8	2,604.3	1,054.1	41.2
1948 1/	1,089.6	1,550.2	2,639.8	1,101.6	49.6
1949 1/	1,160.8	1,538.2	2,699.0		

1/ Preliminary.

Domestic Use and Exports Higher

Total disappearance of flue-cured during the year ended June 30, 1949, was 1,102 million pounds--nearly 5 percent higher than in the previous year. Due principally to the record high production of cigarettes, the domestic use of flue-cured was about 715 million pounds--3 percent above 1947-48 and above any previous year. Flue-cured exports in 1948-49 were approximately 387 million pounds (farm-sales weight)--nearly 8 percent larger than the 359 million pounds exported in 1947-48. About 44 percent of the flue-cured exports went to the United Kingdom compared to 40 percent in the previous year. Other western European countries took about 36 percent of the total flue-cured exports in 1948-49, while shipments to China fell drastically and composed less than 1½ percent of the total. In the late thirties China took around 13 percent of total flue-cured exports and in 1946-47 about 16 percent. Among the countries taking more in 1948-49 besides the United Kingdom were Germany, Ireland, Norway, Netherlands Indies, New Zealand and Egypt. Germany got almost 50 million pounds (farm-sales weight) or over 5 times that shipped to Germany in 1947-48. Countries getting smaller quantities in 1948-49 than in 1947-48 included Netherlands, Belgium-Luxembourg, Australia, and Sweden.

In 1949-50, domestic use of flue-cured is expected to continue large because United States cigarette production is expected to remain high. Consumer demand for cigarettes is relatively inelastic and personal incomes seem likely to continue above the levels of most previous periods. Exports of flue-cured are expected to be at least equal to those of 1948-49. The ECA programs will be a major factor affecting 1948-49 exports. In mid-July, ECA announced procurement authorizations to the United Kingdom and several other participating countries, which amounted to nearly 40 million dollars for flue-cured tobacco.

Prices and Marketings

Auctions for the 1949 flue-cured crop began on July 26 in the Georgia and Florida markets. Approximately 155 million pounds (including resales) had been sold on the Type 14 markets when they closed on August 23. Prices averaged near 40 cents per pound or 15 percent lower than the season average price of 47 cents per pound last year for this type.

Auction markets for type 13, South Carolina and border North Carolina flue-cured, opened August 2. Prices through August 22 for gross sales of about 146 million pounds averaged 50 cents per pound or 3 percent below the average for the corresponding period last season. For the season as a whole last year, type 13 averaged a record 50.7 cents per pound.

Auction markets for type 12, Eastern North Carolina, opened August 19. The first 2 days' sales totaled 27 million pounds and averaged 46 cents per pound. The comparable average price in the first two days of last season was 49 cents per pound. For the entire sales season last year, the average price was 49.5 cents per pound--second only to the 1946 average of 52.5 cents per pound.

Most auction markets for types 11(b), Middle Belt; and 11(a), Old Belt; open on September 1 and 12, respectively. Last season's average price of producers' sales in type 11(b) markets was 51.1 cents per pound and on the 11(a) markets, was 49.6 cents a pound. These price averages were exceeded in only one previous year, 1919.

The 1949 level of price support for flue-cured is 42.5 cents per pound--3 percent below last season. The type 14 untied tobacco is supported at 4 cents a pound less than the tied tobacco in other belts. The support level for flue-cured is determined on the basis of 90 percent of the June 15 parity price. Flue-cured parity on June 15 was 47.2 cents and reflected the 3-percent decline in prices paid by farmers since June 15, 1948.

Flue-cured prices are expected to continue generally firm during the remainder of the marketing season. For the season as a whole, they will probably average 2 to 5 cents above the support level but below last year's record average of 49.6 cents for all types combined.

Quantities of flue-cured placed under Government loan by farmers for the season through August 19 approximated 43 million pounds or 13 percent of gross sales. This was a somewhat larger proportion than in the corresponding period last season. Total receipts for loans by the Flue-Cured Stabilization Corporation during the 1948 season were 106 million pounds or about 10 percent of producers' sales. Of the 405 million pounds (farm-sales-weight equivalent) of flue-cured placed under Government loan in the 1946, 1947, and 1948 seasons, only about 118 million pounds remained as of June 30, 1949.

BURLEY, TYPE 31

Production and Supplies

Burley acreage is indicated at 447,000 acres--about 3½ percent higher than last year's harvested acreage and about 29 percent above the prewar average. The 1949 production of Burley was indicated at 582 million pounds on August 1 compared with last year's production of 603 million pounds. Yield per acre may average around 7 percent below last year's record but will probably exceed any other previous year. Except in 1947, production of Burley from 1945 through 1948 has outrun disappearance, and carry-over has climbed sharply. This year's prospective production is also well above the current annual rate of disappearance. This excessive production during recent years has developed a surplus of Burley.

The carry-over of Burley on October 1, the beginning of the 1949-50 marketing year, is estimated at 970 million pounds--about 7½ percent above the October 1, 1948, level and the highest on record. The total supply for 1949-50--carry-over plus production-- will approximate 1,552 million pounds. The 1949-50 total supply of Burley is about 47 million pounds above the 1948-49 level and larger than any previous year.

Domestic Use and Exports Higher

The total disappearance of Burley during the marketing year ending September 30, 1949, is estimated at around 535 million pounds -- about 2 percent larger than in October 1947-September 1948. Domestic use in 1948-49 is estimated at around 500 million pounds compared with 496 million pounds in 1947-48. The high level of cigarette production accounted for a substantial proportion of the domestic use of Burley. During the first 9 months of the marketing year (October 1948-June 1949), cigarette production was running 1 to 2 percent above the same period of 1947-48. Considerable quantities of Burley are also used in smoking and chewing products. The consumption of these in October 1948-June 1949 was running between 2 and 3 percent below the comparable period of the pervious year.

Burley exports during the year ending September 30, 1949, are estimated at around 35 million pounds (farm-sales weight)--one-fourth larger than in 1947-48 but well below the 50 million pounds reached in 1946-47. In the first 9 months of the marketing year (October 1948-June 1949) Burley exports to Germany, Denmark, Norway, and the United Kingdom were running ahead of those in the same period in 1947-48. Germany took between 7 and 8 million pounds (farm-sales weight) or about 10 times that of a year earlier. On the other hand, Portugal, Netherlands, Belgium-Luxembourg, Switzerland, and Sweden took smaller quantities. Italy took none from October 1948 to June 1949, whereas, in the same period a year earlier, she had taken around 2 1/4 million pounds.

In 1949-50, domestic use of Burley is expected to continue high primarily because cigarettes will continue to be produced and consumed in large quantities. Some further drop may occur in chewing tobacco consumption, but use of smoking tobacco will probably continue at or above recent levels. Exports seem likely to continue at around the 1948-49 level in 1949-50.

1949 Price Support
Lower Than Last Season

The parity price for Burley on July 15 was 45.5 cents per pound -- 3.4 percent below last September's parity price of 47.1 cents. This decrease reflects the decline in the index of prices paid by farmers for items used in production and family living. The 1949 level of price support for Burley tobacco will be calculated at 90 percent of its September 15 parity price. This may be the same or perhaps a little lower than the July 15 figure. If it should be the same, the Burley loan level would be 41.0 cents per pound compared with last season's loan level of 42.4 cents per pound.

Prices received by Burley growers last season averaged 46.0 cents a pound, about 8 percent above the support level and the second highest on record. Although a generally firm demand for the 1949 crop is expected, prices are not likely to average as high as in 1947 and 1948.

During the 1948-49 marketing season, about 16 percent of producers' sales were placed under Government loan. Government loan stocks in late June 1949 still included about 137 million pounds (farm-sales-weight equivalent)—a little less than one-half of the Burley tobacco placed under loan during the 1946, 1947, and 1948 seasons.

Table 5.—Burley tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)

Year	Production	Stocks October 1	Total supply	Disappearance, year beginning October 1	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Total type 31					
Average 1934-38	287.2	700.9	988.1	314.5	22.2
1939	395.3	684.1	1,079.4	317.1	17.3
1940	376.6	762.3	1,138.9	340.8	16.2
1941	336.8	798.1	1,134.9	379.6	29.2
1942	343.5	755.3	1,098.8	412.8	41.8
1943	392.1	686.0	1,078.1	426.9	45.6
1944	590.6	651.2	1,241.8	482.8	44.0
1945	577.2	759.0	1,336.2	482.9	39.4
1946	614.0	853.3	1,467.3	526.5	39.7
1947	484.7	940.8	1,425.5	523.2	48.5
1948 1/	602.9	902.3	1,505.2	2/ 535.2	46.0
1949 1/	582.0	2/970.0	2/1,552.0		

1/ Preliminary.
2/ Estimated.

MARYLAND, TYPE 32

Production and Supplies

The 1949 acreage indication for Maryland tobacco type 32, is about 50,000 acres—a 7-percent increase over the 1948 harvested acreage and more than one-third higher than the prewar average.

The August 1 indication for Maryland tobacco production was 37 1/2 million pounds—7 percent larger than in 1948. The average yield per acre is expected to be about 750 pounds, the same as last year and also very close to the prewar average.

Dealers' and manufacturers' stocks of Maryland on July 1 were about 51 million pounds (farm-sales weight), nearly 4 million pounds above the previous year. This was largely a reflection of more rapid marketing

during the recent season. Carry-over on January 1, 1950, is estimated at between 46 or 47 million pounds or practically the same as January 1, 1949.

The total supply of Maryland for 1950--production plus carry-over--will probably be near 84 million pounds--2 or 3 percent more than the 1949 supply.

Maryland Disappearance

Total disappearance of Maryland during 1949 is estimated at 36 million pounds--fractionally larger than in 1948. Domestic use may be slightly higher because of the larger cigarette manufacture, the principal domestic outlet for Maryland.

Table 6.- Maryland tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)

Year	Production	Stocks January 1 of following year	Total supply	Disappearance year beginning Jan. 1 of the following year	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Total type 32:					
Average 1934-38	27.5	38.4	65.9	27.5	19.7
1939	32.8	36.3	69.1	25.9	21.1
1940	32.6	43.2	75.8	30.8	33.0
1941	31.2	45.0	76.2	28.5	30.1
1942	28.1	47.7	75.8	32.0	56.5
1943	20.8	43.8	64.6	27.0	45.3
1944	38.2	37.6	75.8	29.3	55.5
1945	18.4	46.5	64.9	32.5	57.0
1946	46.2	32.4	78.6	33.8	44.5
1947	37.8	44.8	82.6	35.7	42.8
1948 1/	35.0	46.9	81.9		
1949 1/	37.5				

1/ Preliminary.

Maryland tobacco exports in 1948 accounted for about 8 million pounds (farm-sales weight) or almost one-fourth of total disappearance. Nearly three-fourths of the 1948 Maryland tobacco exports were to Switzerland. Next ranking foreign destinations were Germany, French Morocco,

Tunisia, Netherlands, and Belgium-Luxembourg in that order. During the first half of 1949, exports of Maryland tobacco totaled about 3.8 million pounds (farm-sales weight) compared with about 2.4 million pounds in the first half of 1948. Shipments to Switzerland during the first half of 1949 were more than 20 percent higher than in the first half of 1948. French Morocco, Germany, and Tunisia also got sizable quantities during January-June 1949. Belgium-Luxembourg took less than in January-June 1948, but Netherlands took more. Austria also took some in the first half of 1949, but none a year earlier.

1948 Crop Brings High Prices

The auction markets for 1948 Maryland tobacco opened on May 10 and closed on August 10. The season's auction sales of about 30 million pounds of tobacco brought an average of 54.1 cents per pound. This was 30 percent above the average of 41.6 cents per pound for auction sales in the previous season. The season average for 1947 crop tobacco including both auction and hogshead sales in Baltimore was 42.8 cents per pound. The prices received for the 1948 crop averaged well above the support-level of 43.9 cents per pound. The support level was based on 90 percent of the parity price for Maryland tobacco as of September 15, 1948. Commodity Credit Corporation loans were made available on the Maryland markets for the first time in the recent season. Deliveries to the Maryland Tobacco Cooperative for Government loans amounted to between 9 and 10 percent of the net auction sales.

Tobacco received in the Baltimore hogshead market for the season through early August was close to 3 1/2 million pounds.

The 1949 crop will be supported at 90 percent of the Maryland parity price as of September 15, 1949. This is likely to be around 3 or 4 percent lower than last year--reflecting the relative decline in prices paid by farmers over the 12-month period.

FIRE-CURED, TYPES 21-24

Production and Supplies

The indicated acreage of fire-cured at 58,000 acres is 7 percent less than a year ago and sharply below (57 percent) the prewar average. The acreage of Kentucky and Tennessee, type 22, dropped almost 10 percent below last year, while type 23 in that area and type 21 in Virginia show a smaller relative decline.

The August 1 prospects were for a 65-million-pound crop of fire-cured tobacco--11 percent below the 1948 production. The Virginia fire-cured, type 21, prospective outturn is 17 percent below a year ago and indicated per acre yields are 13 percent less than last year's record. Indicated production of the Kentucky and Tennessee, types 22 and 23, is 11 and 8 percent smaller, respectively, than last year's crops. Per acre yields appear to be a little lower than a year ago.

Carry-over of fire-cured on October 1 is estimated at approximately 160 million pounds, a little lower than the 163 million on October 1, 1948. Total supplies for 1949-50 -- production plus stocks -- will be around 225 million pounds, almost 5 percent less than 1948-49 supplies of fire-cured. Although smaller than a year ago, fire-cured supplies are more than ample to meet anticipated requirements.

Table 7.- Fire-cured tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)

Year	Production	Stocks October 1	Total supply	Disappearance year beginning October 1	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Total types 21-24:					
Average 1934-38	110.2	194.2	304.4	123.0	10.2
1939	99.4	136.2	235.6	94.0	10.6
1940	106.5	141.6	248.1	64.2	9.5
1941	69.7	183.9	253.6	69.0	14.1
1942	71.5	184.6	256.1	76.3	17.1
1943	64.9	179.8	244.7	71.2	23.4
1944	66.1	173.5	239.6	107.8	24.5
1945	58.3	131.8	190.1	85.2	31.5
1946	108.9	104.9	213.8	70.4	26.0
1947	85.8	143.4	229.2	66.6	29.5
1948 1/	73.2	162.6	235.8	2/ 75.8	31.9
1949 1/	64.9	2/ 160.0	2/ 224.9		

1/ Preliminary.
2/ Estimated.

1948-49 Exports Higher, Domestic Use About the Same

Total disappearance of fire-cured in the year ending September 30, 1949, is estimated at 75 million pounds or 8 to 9 million pounds higher than in the previous year.

Domestic use of fire-cured during the 1948-49 marketing year is estimated at close to 35 million pounds or nearly the same as that used

in each of the two previous years. The primary domestic outlet for fire-cured is in snuff manufacture. During October 1948-July 1949, snuff consumption was running between 3 and 4 percent below the same period of 1947-48.

United States exports of fire-cured during October 1948-September 1949 are estimated at 40 million pounds (farm-sales weight) one-third higher than the low 1947-48 total but still only about 60 percent of the prewar average. During the first 9 months of the marketing year (October 1948-June 1949), Kentucky and Tennessee fire-cured exports were 90 percent higher than in the same months of 1947-48, but Virginia fire-cured exports were down nearly one-fourth. The largest shipments of Kentucky and Tennessee fire-cured in the recent 9-month period were to France, who took only negligible quantities in the previous year. Netherlands ranked second and more than doubled her takings in the earlier period. Denmark and Norway took more than three times as much Kentucky and Tennessee fire-cured in October 1948-June 1949 as in the same period a year earlier. Belgium-Luxembourg got about 3 percent more, but shipments to Sweden and Switzerland dropped one-third. All of the above-named countries got smaller quantities of the Virginia fire-cured except Denmark, whose takings of this type were relatively small in both periods. Exports of both types of fire-cured to Germany were considerably above those in the earlier period.

In 1949-50, domestic use of fire-cured is likely to remain comparatively stable. Exports may reach the 1948-49 level with ECA programs continuing as an important factor. It is unlikely that the prewar level of fire-cured exports will again be reached because of the trend in a number of foreign countries toward cigarettes made of lighter tobacco.

1949 Price Support to be Lower

Price supports for fire-cured are related to the Burley loan rate, which is expected to be lower than that for the 1948 season. The fire-cured loan level is computed at 75 percent of the Burley loan rate. If the Burley parity prices on September 15 is the same as on July 15, the Burley loan level would be 41.0 cents per pound. Based on this assumption, the fire-cured loan level would be 30.8 cents per pound (75 percent of 41.0). If the index of prices paid by farmers eases a little further between July and September, the 1949 loan level will be a little lower. The prospective 1949 support price for fire-cured is at least 3 percent less than last season's support price of 31.8 cents per pound. Prices received by growers for the 1948 crop of fire-cured averaged 31.9 cents per pound, which was a record. Average prices for the 1949 crop may be a little lower.

The fire-cured tobacco placed under Government loan comprised about 37 percent of producers' deliveries in each of the last two seasons. At the end of June this year, nearly 70 million pounds (farm-sales-weight equivalent) of fire-cured tobacco remained in Government loan stocks out of the 100 million pounds received from the 1946, 1947, and 1948 crop tobacco.

DARK AIR-CURED, TYPES 35-37

Production and Supplies

The indicated acreage of the dark air-cured tobacco types combined is about 31,000 acres--almost 3 percent above a year ago. One Sucker, type 35, the largest of these types, increased nearly 4 percent; while Green River, type 36, dropped nearly 4 percent. Compared with prewar, the 1949 Green River acreage is down sharply--45 percent. The Virginia Sun-cured, type 37, acreage, which accounts for about a tenth of the total dark air-cured acreage, is approximately one-fifth larger than last year.

The August 1 indicated production of dark air-cured tobacco is between 34 and 35 million pounds--very slightly lower than last year. The One Sucker, type 35, and Virginia Sun-cured, type 37, are up about 2 and 17 percent, respectively; but Green River is down 9 percent. Prospective 1949 yields per acre are about 2 percent smaller for both One Sucker and Virginia Sun-cured and 5 percent less for Green River than in 1948.

Table 8.- Dark air-cured tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

Year	Production	Stocks October 1	Total supply	Disappearance year beginning October 1	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Total types 35-37:					
Average 1934-38	35.5	62.8	98.3	39.0	9.4
1939	44.2	56.1	100.3	34.7	7.3
1940	42.5	65.6	108.1	33.7	7.7
1941	31.5	74.4	105.9	41.9	12.0
1942	35.2	64.0	99.2	33.9	15.2
1943	30.0	65.3	95.3	37.6	27.2
1944	44.9	57.7	102.6	42.2	23.3
1945	43.6	60.4	104.0	43.6	25.2
1946	49.6	60.4	110.0	37.3	22.5
1947	37.2	72.7	109.9	32.7	25.8
1948 1/	34.8	77.2	112.0	2/ 38.0	28.7
1949 1/	34.5	2/ 74.0	2/ 108.5		

1/ Preliminary.
2/ Estimated.

Carry-over of dark air-cured on October 1, 1949, is estimated at about 74 million pounds, 4 percent less than on October 1, 1948, but 17 percent higher than the 1934-38 average. Total supplies for 1949-50--production plus carry-over will probably be near 108 million pounds compared with 112 million pounds for 1948-49. The prospective supply for 1949-50 is 10 percent above prewar and in excess of anticipated requirements.

Exports Raise Total 1948-49 Disappearance

Total disappearance of dark air-cured tobacco in the year ending September 30 is now estimated at 38 million pounds, about 15 percent above the previous year.

Domestic use during the October 1948- September 1949 period is estimated at 24 million pounds compared with 26 million pounds a year earlier. Chewing tobacco is the principal domestic outlet for dark air-cured. During the first 7 months of the marketing year (October 1948-May 1949) the manufacture of chewing (other than scrap chewing) was running around 7 percent less than in the same months a year earlier.

Exports of dark air-cured (including Black Fat) in the year ending September 30 are estimated at 14 million pounds (farm-sales weight) -- more than double the previous year and the largest since the early 1930's. From October 1948 through June 1949, France took more than 3 million pounds (farm-sales weight) in contrast to the same period a year earlier when none was shipped to France. Germany got more than 600,000 pounds in the recent period and none a year earlier. Netherlands took more than twice as much as a year earlier. The exports of Black Fat from October 1948 through June 1949 totaled nearly 4 million pounds --almost the same as in the comparable period of the preceding year. The principal foreign destinations were Nigeria, Gold Coast, and French West Africa.

In 1949-50, domestic use of dark air-cured may be about the same as or a little lower than 1948-49. Exports in 1949-50 are not likely to continue at as high a rate as in 1948-49 but may exceed the 6- to 8-million pound level of 1947-48 and 1946-47.

1949 Price Supports to be Lower

Price supports for dark air-cured are related to the Burley loan rate, which in the 1949 season is expected to be lower than last season. The dark air-cured loan level is computed at 66 2/3 percent of the Burley loan rate. If the Burley parity price on September 15 is the same as on July 15, the Burley loan rate would be 41.0 cents per pound. Based on this assumption, the dark air-cured loan level would be 27.3 cents per pound (66 2/3 percent of 41.0). If the index of prices paid by farmers eases a little further between July and September, the price support level would be a little lower. The prospective 1949 support price for dark air-cured is between 3 and 4 percent less than last season's support price of 28.3 cents per pound. The average price received by growers for the 1948 crop was 28.7 cents per pound--a record for this kind of tobacco. Prices for the 1949 crop are likely to be near the support level.

Dark air-cured tobacco placed under Government loan last season comprised about one-fourth of the crop. At the end of June 1949, almost 30 million pounds of dark air-cured tobacco (farm-sales-weight equivalent) remained in Government loan stocks or about three-fourths of that received during the 1946, 1947, and 1948 seasons.

CIGAR TOBACCO

Cigar Filler Supply

The 1949 acreage of cigar filler, types 41-44, is likely to be a little below 44,000 acres--2 percent smaller than last year's harvested acreage. Pennsylvania Seedleaf, type 41, is only about 1 percent lower; but in Ohio, types 42-44, dropped 10 percent below the 1948 harvested acreage.

Prospects on August 1 were for an outturn of nearly 65 million pounds of types 41-44 cigar filler--about 5 million pounds less than last year. The Ohio filler yields per acre appear to be down sharply from a year ago, and prospective Pennsylvania yields per acre are about 5 percent lower than in 1948.

Carry-over of cigar filler, types 41-44, on October 1 is estimated at 132 million pounds--6 percent higher than on October 1, 1948. Total supply for 1949-50--production plus stocks--will probably be around 197 million pounds compared with 194 million pounds last year.

The Puerto Rican, type 46, tobacco marketing quota for the crop to be harvested mostly in early 1950 is 25 million pounds. Total supplies in 1950 will be lower because of the reduction in stocks.

Cigar Binder Supply

The indication for cigar binder is about 39,000 acres--2 1/2 percent less than that harvested last year. In the Connecticut Valley, the Broadleaf, type 51, acreage is near last year's, while the Havana Seed, type 52, is a little larger. In Wisconsin, the type 54 acreage of Southern Wisconsin is slightly larger than a year ago, but the type 55 acreage dropped about 11 or 12 percent.

The probable binder production this year, based on August 1 prospects, is 59 million pounds--4 percent less than in 1948. The Connecticut Broadleaf, type 51, and Northern Wisconsin, type 55, crops are likely to be 8 or 9 percent below last year, while Connecticut Valley and New York-Pennsylvania Havana Seed, types 52 and 53, will be nearly the same as last year. The prospective Southern Wisconsin, type 54, crop is 6 percent larger than a year ago.

Carry-over of all binder types combined on October 1, 1949, may drop to 117 million pounds or 7 percent below that of October 1, 1948. The total supply of binder types for 1949-50--production plus carry-over--will probably be around 176 million pounds or 11 million less than a year ago.

Table 9.- Cigar tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)

Year and type	Production	Stocks October 1 1/	Total supply	Disappearance year beginning October 1 1/	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Total filler types 41-44 2/					
Average 1934-38	48.9	159.9	208.8	54.4	10.4
1939	63.1	141.9	205.0	54.0	11.7
1940	64.7	151.0	215.7	58.7	12.0
1941	71.2	157.0	228.2	61.4	12.5
1942	53.8	166.8	220.6	67.0	13.2
1943	47.0	153.6	200.6	55.2	18.6
1944	58.8	145.4	204.2	61.3	19.5
1945	49.9	142.9	192.8	64.1	34.0
1946	64.4	128.7	193.1	70.9	32.8
1947	63.2	122.2	185.4	61.7	30.6
1948 3/	70.4	123.7	194.1	4/ 62.1	25.8
1949 3/	64.6	4/ 132.0	4/ 196.6		
Total binder types 51-56					
Average 1934-38	41.8	165.1	206.9	60.5	12.5
1939	63.3	116.6	179.9	45.0	16.6
1940	67.9	134.9	202.8	66.1	14.5
1941	61.6	136.7	198.3	60.4	16.9
1942	55.2	137.9	193.1	66.4	20.4
1943	51.0	126.7	177.7	69.2	30.3
1944	57.2	108.5	165.7	63.4	30.9
1945	62.1	102.3	164.4	60.9	47.7
1946	73.8	103.5	177.3	53.6	52.7
1947	70.3	123.7	194.0	68.2	43.4
1948 3/	61.0	125.8	186.8	4/ 69.8	41.8
1949 3/	58.8	4/ 117.0	4/ 175.8		
Total wrapper types 61-62					
Average 1934-38	8.4	11.8	20.2	9.3	78.3
1939	11.4	10.1	21.5	7.9	67.7
1940	9.5	13.6	23.1	10.4	77.6
1941	10.1	12.7	22.8	9.6	98.4
1942	9.2	13.2	22.4	9.4	132.1
1943	10.0	13.0	23.0	8.7	167.7
1944	11.3	14.3	25.6	10.9	196.1
1945	11.2	14.7	25.9	12.3	197.3
1946	12.5	13.6	26.1	12.7	234.0
1947	13.5	13.4	26.9	12.4	296.0
1948 3/	14.6	14.5	29.1	12.5	263.0
1949 3/	15.5	16.6	32.1		

1/ Stocks and disappearance for types 56, 61, and 62 are as of July 1.
2/ A small quantity of type 45 for 1939 and 1940 not included. 3/ Preliminary. 4/ Estimated.

Cigar Wrapper Supply

Cigar wrapper prospects are for 15,400 acres -- almost 3 percent above last year's harvested acreage. Most of the increase appears in the Georgia and Florida Shade-grown, type 62, which gained about 7 percent. The indicated acreage of the Connecticut Shade-grown, type 61, is up very little over that harvested in 1948. Cigar wrapper acreage has increased nearly 75 percent over the prewar average.

Production of cigar wrapper this year, according to August 1 indications, will be near 15.5 million pounds compared with 14.6 million pounds in 1948. The prospective crops of Connecticut Valley Shade-grown, type 61, and Georgia and Florida Shade-grown, type 62, are each about 6 percent above the 1948 crop.

Carry-over on July 1 was 16.6 million pounds or almost 2 million pounds larger than a year earlier. Total supply of cigar wrapper, types 61-62, for 1949-50 -- production plus stocks -- is 32 million pounds -- 10 percent higher than the 1948-49 supply and well above most previous years.

Disappearance
During 1948-49

The total disappearance of cigar filler, types 41-44, in the year ending September 30, 1949, is estimated at around 62 million pounds, about the same as last year. The total disappearance of cigar binder in 1948-49 is estimated at nearly 70 million pounds.

Domestic use of cigar tobacco has probably been smaller than last year. United States cigar consumption from October 1948 through July 1949 was running about 2 percent below the same months a year earlier. Scrap chewing manufacture from October 1948 through May 1949 was running 5 percent below the comparable period of 1947-48. Exports of cigar tobacco have shown sharp increases. The total cigar tobacco exports from October 1948 through June 1949 were over 20 million pounds (farm-sales weight). During the same period a year ago (October 1947-June 1948), cigar tobacco exports were between 5 and 6 million pounds. Separate figures on cigar tobacco exports by types are not tabulated; although beginning with January 1949, cigar tobacco exports for each of the three classes: binder, filler, and wrapper are being tabulated. It is estimated that approximately one-third of total cigar tobacco exports (October1948-June 1949) was Puerto Rican tobacco, type 46, which is mostly used for cigar filler. The largest quantity of cigar tobacco in the recent 9-month period went to Germany (12 to 13 million pounds -- declared weight). Substantial quantities went to French Morocco and Algeria, neither of which took any in the fiscal year 1947-48. Other foreign destinations included Netherlands, Denmark, and Austria. Belgium-Luxembourg, Canada, and Switzerland also took some, but Sweden took comparatively little although she got a substantial quantity a year earlier.

Cigar-wrapper disappearance during the year ended June 30, 1948, was 12 1/2 million pounds, practically the same as last year but about one-third higher than the 1934-38 average. United States imports of cigar-wrapper leaf have continued well below prewar levels.

1948 Prices Mostly Below 1947

Marketings of Pennsylvania Seedleaf, type 41, were long drawn out with much price uncertainty prevailing during most of the first half of 1949. For the 1948 crop as a whole, growers received an average of 26.3 cents per pound--14 percent less than in the previous season. Prices of the Ohio types 42-44 averaged 23.0 cents per pound--about one-fourth less than the 1947 season average price.

Connecticut Valley Broadleaf, type 51, growers realized an average of 60.0 cents per pound for the 1948 crop--18 percent higher than in the previous season, when the general average was lowered by pole sweat damage. The 1948 Connecticut Valley Havana Seed crop averaged 62.3 cents--15 percent below the 1947 crop average. The New York-Pennsylvania Havana Seed crop brought an average of 25.0 cents--12 percent lower than the 1947 average. Southern Wisconsin tobacco, type 54, averaged 22.4 cents--about the same as in the previous season. Northern Wisconsin, type 55, prices dropped sharply to average only 23.0 cents--one-third less than the 1947 season.

The 1948 crop of Connecticut Shade-grown wrapper brought $2.90 per pound and the Georgia-Florida Shade-grown averaged $2.15 per pound. Both were below the 1947 season average with the greater decrease occurring in the Georgia-Florida type.

Table 12.- Tax-paid withdrawals of tobacco products in the United States, fiscal years 1948 and 1949, and January-July 1948-49 1/

Products	Fiscal year			January-July		
	1948	1949	Change	1948	1949	Change
	Million	Million	Percent	Million	Million	Percent
Small cigarettes	345,198	352,207	+2.0	199,537	201,347	+.9
Large cigarettes	.5	.9	+80.0	.3	.5	+66.7
Large cigars	5,688	5,693	+.1	3,199	3,109	-2.8
Small cigars	87	79	-9.2	53	44	-17.0
Snuff 2/	41.0	40.4	-1.5	24.3	22.6	-7.0
Manufactured tobacco 2/	205.7	196.9	-4.3	112.6	109.2	-3.0

1/ Based on sales of revenue stamps, and includes products from Puerto Rico.
2/ Million pounds.

Table 10.- Acreage of tobacco in the United States, by types, 1934-38 average; 1948 and 1949 and percentages

Type	1934-38	1948 1/	1949 1/	Percentage change 1934-38 to 1949	Percentage change 1948 to 1949
	Thou. acres	Thou. acres	Thou. acres	Percent	Percent
Total flue-cured, types 11-14:	863.1	883.8	941.8	+9.1	+6.6
Old and Middle Belt, type 11	327.1	320.0	338.0	+3.3	+5.6
Eastern North Carolina, type 12	296.6	290.0	310.0	+4.5	+6.9
South Carolina, type 13	155.7	175.0	185.0	+18.8	+5.7
Georgia and Florida, type 14	83.7	98.8	108.8	+30.0	+10.1
Total fire-cured, types 21-24:	135.2	62.6	58.1	-57.0	-7.2
Virginia, type 21	23.1	11.0	10.4	-55.0	-5.5
Kentucky and Tennessee, type 22	76.7	34.8	31.5	-58.9	-9.5
Kentucky and Tennessee, type 23	32.4	16.6	16.0	-50.6	-3.6
Henderson, type 24	3.0	.2	.2	-93.3	.0
Burley, type 31	347.2	432.0	447.1	+28.8	+3.5
Maryland, type 32	36.7	46.6	50.0	+36.2	+7.3
Total dark air-cured, types 35-37:	42.0	29.9	30.7	-26.9	+2.7
One Sucker, type 35	19.9	16.2	16.8	-15.6	+3.7
Green River, type 36	18.8	10.7	10.3	-45.2	-3.7
Virginia Sun-cured, type 37	3.3	3.0	3.6	+9.1	+20.0
Total cigar filler, types 41-44:	38.0	44.6	43.6	+14.7	-2.2
Pennsylvania Seedleaf, type 41	23.4	38.4	38.0	+62.4	-1.0
Miami Valley, types 42-44	14.6	6.2	5.6	-61.6	-9.7
Total cigar binder, types 51-56:	2/29.9	39.8	38.8	+29.8	-2.5
Connecticut Valley Broadleaf, type 51:	7.2	9.3	9.3	+29.2	.0
Conn. Valley Havana Seed, type 52	5.4	9.0	9.3	+72.2	+3.3
N. Y. and Pa. Havana Seed, type 53	.7	1.0	1.0	+42.9	.0
Southern Wisconsin, type 54	8.9	8.2	8.3	-6.7	+1.2
Northern Wisconsin, type 55	6.7	12.2	10.8	+61.2	-11.5
Georgia and Florida Sun-grown, type 56	2/ 1.0	.1	.1	-90.0	.0
Total cigar wrapper, types 61-62:	8.9	15.0	15.4	+73.0	+2.7
Conn. Valley Shade-grown, type 61	6.3	10.5	10.6	+68.3	+1.0
Ga. and Fla. Shade-grown, type 62	2.6	4.5	4.8	+84.6	+6.7
Louisiana Perique, type 72	.3	.3	.4	+33.3	+33.3
Total all types	1,501.3	1,554.6	1,625.9	+8.3	+4.6

1/ Preliminary.
2/ Includes a small amount of type 45 supplanted by type 56.

Table 11.- Tobacco: Yield per acre by classes and types, specified averages, and annual 1934-49

Period	Flue-cured 11-14	Fire-cured 21-24	Burley 31	Maryland 32	Dark air-cured 35-37	Cigar Filler 41-45 1/	Cigar Binder 51-56 1/	Cigar Wrapper 61-62	United States total all types
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
1924-28 av.	676	767	807	781	784	1,340	1,256	1,041	765
1929-33 av.	707	777	777	683	803	1,035	1,350	1,039	770
1934-38 av.	856	811	819	749	837	1,266	1,465	954	865
1934	822	874	831	720	885	1,255	1,550	1,040	852
1935	928	823	794	775	847	1,288	1,531	974	905
1936	790	787	729	820	723	1,344	1,559	1,046	807
1937	875	830	907	650	902	1,204	1,430	851	895
1938	866	740	833	780	828	1,239	1,255	860	866
1939-43 av.	963	923	985	755	958	1,323	1,526	982	986
1939	922	868	931	820	908	1,292	1,536	1,044	940
1940	1,025	888	1,045	850	905	1,337	1,530	922	1,036
1941	905	935	985	775	967	1,497	1,503	939	966
1942	1,024	982	980	740	1,037	1,249	1,520	963	1,023
1943	938	943	982	590	972	1,241	1,540	1,044	964
1944-48 av.	1,132	1,071	1,224	769	1,107	1,457	1,538	1,008	1,161
1944	1,069	1,022	1,189	850	1,116	1,493	1,547	1,075	1,116
1945	1,088	951	1,127	525	988	1,281	1,529	1,001	1,094
1946	1,137	1,189	1,256	925	1,215	1,504	1,551	1,000	1,182
1947	1,135	1,024	1,153	795	1,054	1,429	1,527	992	1,139
1948 2/	1,233	1,170	1,396	750	1,163	1,578	1,534	973	1,275
1949 2/	1,233	1,117	1,302	750	1,123	1,481	1,515	1,005	1,242
	Percentage change								
1934-38 av. to 1944-48 av.	+32.2	+32.1	+49.5	+2.7	+32.3	+15.1	+5.0	+5.7	+34.2
1948 to 1949	.0	-4.5	-6.7	.0	-3.4	-6.1	-1.2	+3.3	-2.6

1/ From 1936 to 1939, type 45 (filler) supplanted by type 56 (binder).
2/ Preliminary.

Table 13.- Production of manufactured tobacco in the United States, for specified periods

Calendar year	Chewing					Smoking	Snuff
	Plug	Twist	Fine-cut	Scrap	Total		
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil. lb.	Mil.lb.
1937-41 average	52.6	5.9	4.7	43.4	106.6	198.7	38.0
1942	54.3	6.0	5.1	48.3	113.7	175.7	41.0
1943	58.9	6.3	4.5	51.4	121.1	162.8	43.2
1944	61.7	6.5	4.1	52.9	125.2	139.9	42.0
1945	59.7	6.7	4.0	47.7	118.1	168.5	43.8
1946	51.8	5.8	3.8	46.1	107.5	106.4	39.4
1947	47.4	5.2	3.7	42.2	98.5	104.7	39.2
1948	45.3	5.6	3.2	42.4	96.5	107.6	40.8
Jan.-June 1948	22.3	2.8	1.7	20.5	47.3	52.7	20.7
Jan.-June 1949	20.9	2.9	1.4	19.2	44.4	52.9	20.3
	Percentage change						
1947 to 1948	-4.4	+7.7	-13.5	+.5	-2.0	+2.8	+4.1
Jan.-June 1948-49	-6.3	+3.6	-17.6	-6.3	-6.1	+.4	-1.9

Table 14.- Fiscal year receipts from Federal taxes on tobacco products in the United States, 1935-39 average, annual 1946-49

Year ending June 30	Cigarettes 1/	Cigars 2/	Chewing and smoking	Snuff	All other 3/	Total
	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
Average 1935-39	456,908	12,677	54,712	6,677	1,214	532,188
1946	1,072,971	41,454	41,961	7,373	1,760	1,165,519
1947	1,145,268	48,354	36,548	7,054	544	1,237,768
1948	1,208,204	46,752	37,024	7,372	928	1,300,280
1949	1,232,735	45,590	35,435	7,272	843	1,321,875

1/ Includes large cigarettes.
2/ Includes small cigars.
3/ Leaf dealer penalties, floor taxes, cigarette papers and tubes, etc.
Bureau of Agricultural Economics. Compiled from reports of the Bureau of Internal Revenue.

RMA STUDY OF FLUE-CURED TOBACCO PRICES 1/

In connection with the Research and Marketing Act project on "Prices, Supply, and Consumption of Tobacco and Tobacco Products," the Bureau of Agricultural Economics is studying the prices of flue-cured tobacco.

The variation in prices received for flue-cured tobacco is of continuing interest to growers, warehousemen, buyers, exporters, and many other others whose economic position is vitally affected by what happens in the great tobacco markets of the southeastern United States. One phase of the present study has centered mostly on some comparisons between prices of tobacco sold in 4 of the 5 flue-cured marketing areas. In 3 prewar seasons 1936, 1937, and 1938 and in 3 postwar seasons 1946, 1947, and 1948, the average price for total sales in the Old Belt (south central Virginia and west central North Carolina) ranged mostly between 0.3 and 6.7 cents per pound lower than the average prices of flue-cured in the other 3 belts selling tied tobacco. 2/ However, according to sample data on prices for individual grades, the average prices of selected Better grades of Old Belt flue-cured have generally been relatively close to or even above the average prices of those same grades in the other 3 belts selling tied tobacco. In 1947 and 1948, the price-average of Old Belt Better grades exceeded by 0.1 to 1.3 cents per pound the comparable price-average in each of these other 3 belts, except in one instance. Relative price differentials of Better, Medium, and Poorer groups of grades have generally narrowed in the last 2 or 3 seasons compared with 1936 and 1937. In 1938, the pattern of these prices differed quite markedly from the other years. As the study progresses, an attempt will be made to evaluate the price relationships among types and the various factors that may have influenced them.

The sales and prices of flue-cured tobacco on auction markets are classified according to 5 types that are largely produced in North Carolina, Virginia, South Carolina, Georgia, and Florida as indicated on the map shown on the following page. These 5 types are as follows:

Type 11(a): Old Belt in south central Virginia and west central North Carolina.

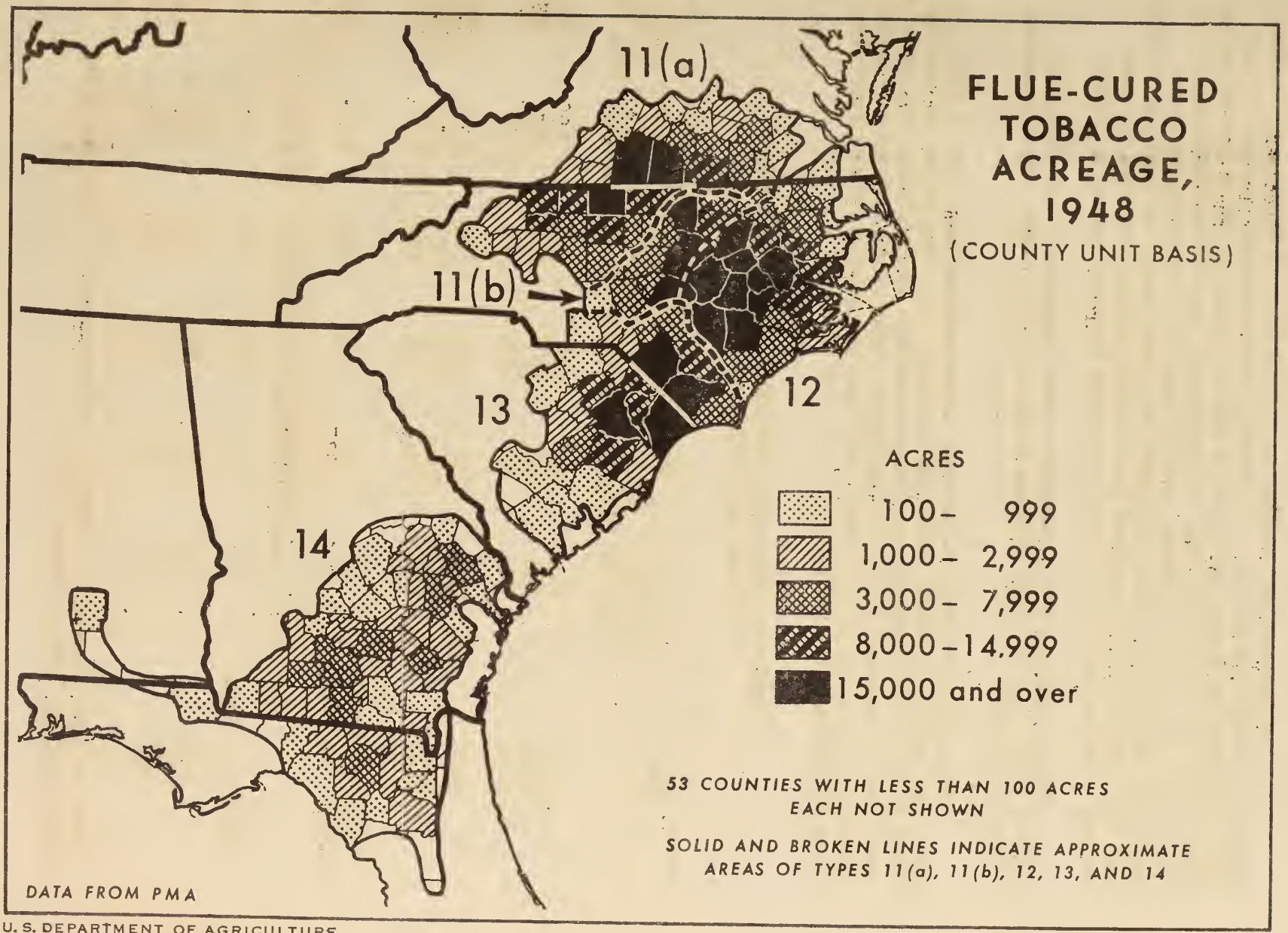
Type 11(b): Middle Belt in central North Carolina.

Type 12: Eastern North Carolina.

Type 13: South Carolina and Border North Carolina in eastern South Carolina and southeastern North Carolina.

Type 14: Georgia and Florida in south central Georgia and north central Florida.

1/ A summary of some preliminary findings.
2/ Tobacco in the Georgia-Florida belt is sold in untied form.



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Auction markets at numerous points in each of these areas operate during the marketing season. The type 14 markets usually open in late July, followed in August by types 13 and 12 markets, and in September by types 11(b) and 11(a) markets. Marketings of type 14 generally close in late August or early September, and the markets for the other types generally close in the same sequence that they open. In most years, the last flue-cured auction markets have closed by December; but in some unusual seasons, marketings have continued through January or later.

The marketings of flue-cured tobacco in three prewar seasons, 1936 to 1938, and in three postwar seasons, 1946 to 1948, are considered in this summary.

Flue-cured deliveries to type 12 markets exceed those of the other types and comprise around one-third of the total. The volume of producers' sales in type 11(a) markets are about one-fifth of the total, and another one-fifth is marketed in type 13 markets. Type 11(b) markets account for close to 13 percent of the total, and type 14 markets for the remaining 11 or 12 percent (see table I).

Table I.- Flue-cured tobacco: Producers' sales by types and percentage comparisons

Crop	Quantities sold at auctions					
	11(a)	11(b)	12	13	14	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1936	151	92	216	133	90	682
1937	163	118	295	191	88	855
1938	158	99	245	170	106	778
1946	300	170	434	302	136	1,342
1947	262	162	450	275	156	1,305
1948	235	141	354	231	121	1,082
1948 as percent of 1936-38 average	150	137	140	140	127	139
	Individual type as percent of total					
1936-38 average	20	13	33	21	12	100
1946	22	13	32	23	10	100
1947	20	12	35	21	12	100
1948	22	13	33	21	11	100

Bureau of Agricultural Economics. Producers' sales from Flue-Cured Market Review, Tobacco Branch, PMA

The volume of flue-cured marketings in 1948, although approximately one-fifth less than in 1946 and 1947, was nearly two-fifths larger than the 1936-38 average. This substantial increase over the past decade has occurred principally in response to the greatly expanded cigarette consumption in the United States over prewar. The 1948 marketings in type 11(a) markets were 50 percent above the 1936-38 average, and the relative increases for types 12 and 13 were each about 40 percent. Type 11(b) market volume increased 37 percent and type 14, by 27 percent.

Comparisons of prices received by farmers for individual types of flue-cured have been made to determine what differences or similarities exist. In each area, except Georgia and Florida, tobacco is prepared for market by farmers who arrange and tie the leaves into hands. These hands consist of roughly 15 to 20 leaves tied at their butts by a tie-leaf. In the Georgia and Florida area, the flue-cured tobacco is marketed untied, that is, in loose form. Because of this, somewhat lower prices have generally prevailed and a fairly definite price differential is recognized between prices of tied and untied tobacco.

The season average prices for producers' sales by types for the years under consideration are shown in table II. In the individual years 1946, 1947, and 1948, seasons average prices for the individual types ranged between 75 and 137 percent higher than their 1936-38 averages. Inter-type price relationships of these over-all season averages are shown in the lower half of table II by computing all other flue-cured types as a

Table II.- Flue-cured tobacco: Season average prices of auction sales, by types and percentage comparisons, 1936-38 and 1946-48

Crop	Average price per pound				
	11(a)	11(b)	12	13	14
	Cents	Cents	Cents	Cents	Cents
1936	20.9	25.1	23.2	20.7	21.0
1937	21.2	25.5	25.8	21.6	20.0
1938	22.3	22.4	23.3	22.6	20.3
1946	43.6	47.2	52.7	50.3	43.2
1947	38.3	42.6	43.5	42.4	38.1
1948	49.6	51.0	50.0	51.1	47.5
	Type 11(a) price = 100				
1936	100	120	111	99	100
1937	100	120	122	102	94
1938	100	100	104	101	91
1946	100	108	121	115	99
1947	100	111	114	111	99
1948	100	103	101	103	96

Bureau of Agricultural Economics. Average prices from Flue-Cured Tobacco Market Review, Tobacco Branch, PMA.

percent of the 11(a) price. The season average prices of types 11(b) and 12 generally exceeded those of type 11(a), but the spread was very narrow in 1938 and 1948. The season average prices of types 11(a) and 13 were relatively close together in 1936, 1937, 1938, and again last season (1948). In 1946 and 1947, however, the type 13 average price was moderately higher than that of 11(a). The type 14 season average price was generally below the averages of the other flue-cured types.

Flue-cured tobacco is sorted by farmers into several piles which, when brought to auction warehouses, fall into numerous individual grades. There are around 120 individual grades; and in recent years, the grade designation of each pile has been determined prior to auctioning by Government inspectors in accordance with United States standards. In the 1936-38 period, only part of the markets had official inspection.

A more rigorous comparison of prices among types is possible by comparing individual grade prices from sample data collected by PMA for market news reports. For the three prewar years, 1936-38, and the three postwar years, 1946-48, these prices by grades were examined for each of the types of flue-cured 11(a), 11(b), 12, and 13. Type 14 prices were omitted from comparisons because of the differential resulting from the practice of marketing untied tobacco.

Because of the large number of grades, prices of several representative grades were selected for intensive examination. These selected individual grades were separated into three groups--Better, Medium, and Poorer. The simple average price of 11 grades was calculated to derive the average price of a group of grades which, hereafter, is referred to as Better grades. The same 11 grades were included to derive the average prices of Better groups within each type. A Medium group average price was computed on the basis of 5 grades, and a Poorer group average was based on 8 grades. Prices of identical grades within each type were averaged as in the case of the Better group. These computed price-averages for the groups within each type are shown in table III (p. 39). Average pric for each group within each of the types 11(b), 12, and 13 are compared percentage-wise with the corresponding group average of type 11(a). The relative position of these prices is shown in the accompanying chart on page 36.

It is apparent from the chart (p. 38) and table III that, with a few exc tions, the relative price differences among the types have been greatest in the group of Poorer grades. In general, the relative differences between Old Belt prices for the selected grade groups and prices of the same groups in other Belts have been smaller in the last two seasons (1947 and 1948) than in 1936, 1937, and 1946. In the 1938 season, the inter-type price relationships were quite different than in the other years shown.

It is also readily apparent that average prices of the Medium and Poorer groups increased relatively much more than prices of the Better groups from prewar to postwar years.

Prices of Types 11(a) and 11(b)

Comparing types 11(a) and 11(b), the average prices of the Better grades in 5 of the 6 years were relatively close together. The exception was in 1936 when 11(b) prices of the Better group were about 10 percent above those of 11(a). In 1936 and 1937, the 11(b) average prices of the Medium and Poorer groups were approximately one-third and two-thirds higher, respectively, than those of 11(a). In the years since the war, this relative difference has greatly diminished. In 1947 and 1948, the type 11(b) average prices of the Medium grades were only 2 and 4 percent higher, respectively, than those of 11(a). The type 11(b) average prices of the Poorer group were 12 percent above the corresponding type 11(a) prices.

Prices of Types 11(a) and 12

Comparing types 11(a) and 12, the average prices of the Better grades have generally shown small relative differentials. The type 12 average prices of the Better group exceeded those of type 11(a) the most on a percentage basis in 1938 (9 percent) and in 1946 (7 percent). The pattern of price differentials of the Medium and Poorer groups between type 11(a) and 12 are similar to those between types 11(a) and 11(b). Type 12 average prices for Medium and Poorer groups were considerably higher than type 11(a) prices in 1936 and 1937. However, in the last two seasons, there have been much smaller relative spreads than in the other 4 years under study except 1938.

Prices of Types 11(a) and 13

Comparing types 11(a) and 13, the percentage differences between the average prices of the Medium and Poorer groups were moderate in most of the 6 years studied. The greatest percentage differences occurred in 1936 when the average price of the type 13 Poorer group was about 31 percent higher than the corresponding average of type 11(a) and in 1946, when the Medium group price was 18 percent higher. In all years except 1946, the type 11(a) average price of the Better group exceeded the corresponding price average of type 13; but in the last 2 seasons, the relative margin was narrow. In the prewar years, 1937 and 1938, the type 11(a) average prices of the Better group were 7 or 8 percent above those of type 13 and in 1936, were close to 17 percent higher.

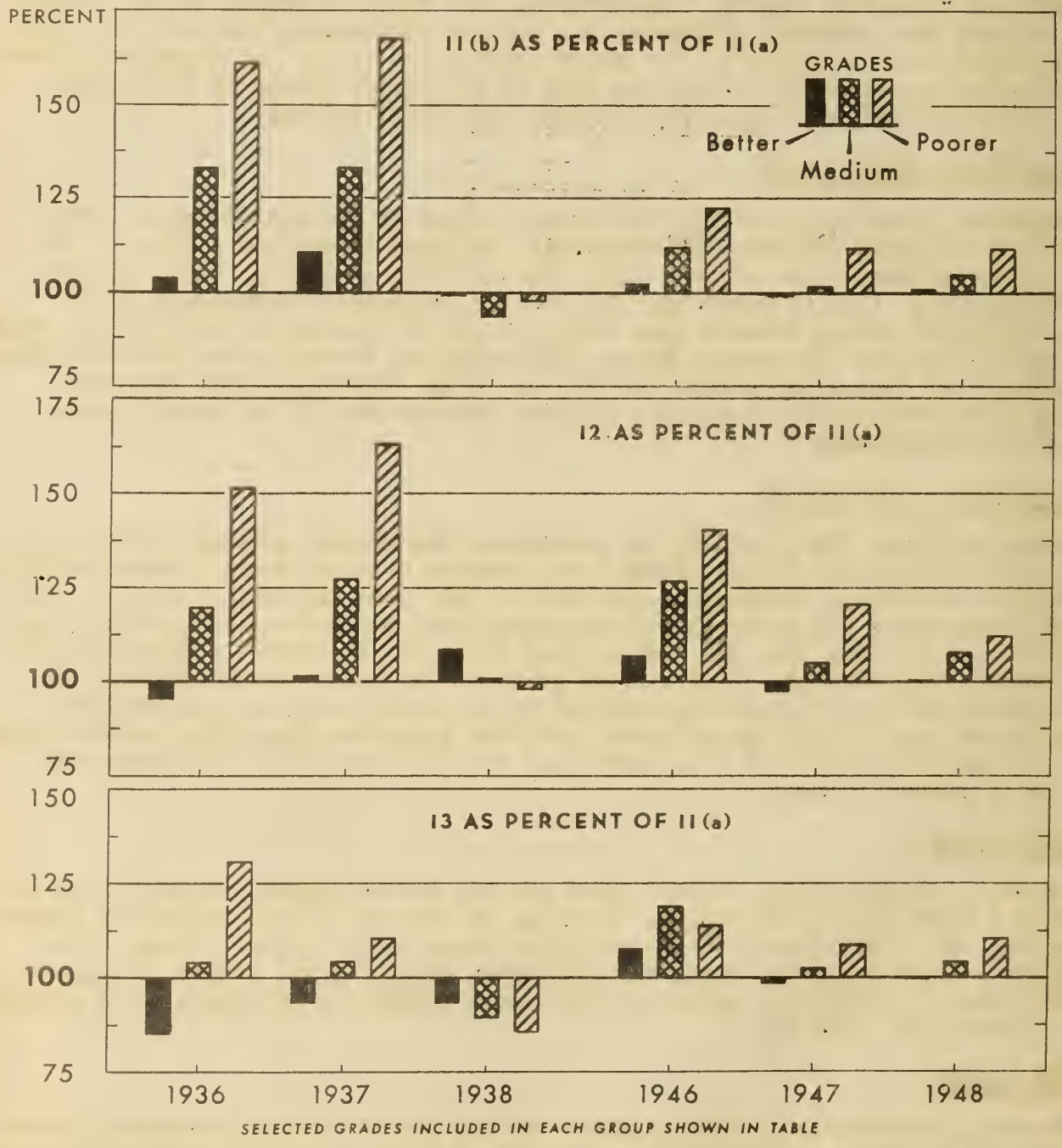
The 1947 Season

In 1947, the type 11(a) average price for the Better grades exceeded those of the other 3 types by a small margin. However, in the case of the Medium and Poorer groups, the type 11(a) average price was below those of the other 3 types. The spread was relatively narrow among the respective prices of the Medium groups, but the differential between the prices of the Poorer groups ranged upward to 20 percent (type 12 over type 11(a)).

The 1948 Season

In 1948, the type 11(a) average price for the Better grades was narrowly above types 12 and 13, but was slightly less than type 11(b). The relative spread in each instance was less than 1 percent. As in 1947, the 1948 type 11(a) prices of the Medium and Poorer groups were below those of the other 3 types. However, the spread between 11(a) Medium grade prices and Medium grade prices of the other types was broader than in 1947 though still moderate (4 to 7 percent higher than 11(a) price). The type 11(a) average price for the Poorer group was exceeded by 10 to 12 percent by the corresponding group prices of the other types. The difference between the average prices of the Poorer groups of type 12 and 11(a) was narrower in 1948 than in 1947. There was no appreciable change from 1947 in relative spread between the Poorer grade prices of 11(a) and the other 2 types.

FLUE-CURED TOBACCO: PRICE COMPARISONS OF SPECIFIED TYPES AND GRADES, 1936-38 AND 1946-48



SELECTED GRADES INCLUDED IN EACH GROUP SHOWN IN TABLE

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Table III.- Flue-cured tobacco: Average prices of types 11(a) to 13 by groups of grades with percentage comparisons, 1936-38 and 1946-48

Crop year	Type 11(a) average price	11(b) average price		12 average price		13 average price	
	Cents	Cents	% of 11(a)	Cents	% of 11(a)	Cents	% of 11(a)
			Better grades group 1/				
1936	41.8	43.4	103.8	39.9	95.5	35.6	85.2
1937	38.5	42.5	110.4	39.1	101.6	35.7	92.7
1938	34.0	33.9	99.7	37.1	109.1	31.7	93.2
1946	59.7	61.1	102.3	63.8	106.9	64.3	107.7
1947	58.8	58.5	99.5	57.5	97.8	57.9	98.5
1948	66.4	66.7	100.5	66.3	99.8	65.9	99.2
			Medium grades group 2/				
1936	21.2	28.2	133.0	25.4	119.8	22.0	103.8
1937	22.8	30.4	133.3	29.0	127.2	23.8	104.4
1938	26.2	24.6	93.9	26.4	100.8	23.4	89.3
1946	45.6	51.0	111.8	58.0	127.2	54.0	118.4
1947	47.8	48.6	101.7	50.2	105.0	48.8	102.1
1948	55.0	57.4	104.4	59.0	107.3	57.2	104.0
			Poorer grades group 3/				
1936	4.9	7.9	161.2	7.4	151.0	6.4	130.6
1937	6.5	10.9	167.7	10.6	163.1	7.2	110.8
1938	14.5	14.2	97.9	14.2	97.9	12.4	85.5
1946	27.4	33.6	122.6	38.5	140.5	31.1	113.5
1947	26.0	29.1	111.9	31.3	120.4	28.2	108.5
1948	32.9	36.7	111.6	36.8	111.9	36.2	110.0

1/ Better grades include B1F, B2F, H1F, H2F, C1L, C2L, C3L, C4L, C5L, X1F, and X2F.
2/ Medium grades include B3F, B4F, H3F, H4F, and X3F.
3/ Poorer grades include B5F, B6F, H5F, H6F, X4F, X5F, N1L, and N2L.

Bureau of Agricultural Economics, Individual grade prices from sample data of the Tobacco Branch, PMA.

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